

Message Text

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PAGE 01 STATE 236820

70

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C O N F I D E N T I A L STATE 236820

E.O. 11652:GDS

TAGS: NATO, MCAP

SUBJECT: NATO ECONOMIC DIRECTOR LAULAN TALKS OF BURDEN-
SHARING

REF: STATE 235988

SUMMARY: NATO ECONOMIC DIRECTOR LAULAN IN WASHINGTON VISIT
PRESENTED PERSONAL IDEAS FOR ARRIVING AT \$1 BILLION OFFSET
PACKAGE. HE WAS ENCOURAGED TO FORMULATE HIS IDEAS MORE
SYSTEMATICALLY AND CONSULT WITH MISSION ON POSSIBLE
NATO EXPLORATION OF THEM.

1. DURING WASHINGTON VISIT REPORTED REFTEL NATO ECONOMIC
DIRECTOR YVES LAULAN EXTENSIVELY DISCUSSED HIS PERSONAL
VIEWS ON BURDENSHARING ISSUE WITH STATE, TREASURY, DOD
AND NSC RESPONDENTS. HE CRITICIZED PRESENT NATO APPROACH
ON GROUNDS THAT REQUESTED STRUCTURAL CHANGES IN NATO
ORGANIZATION, I.E. REDUCTION OF THE US SHARE IN INFRAST-
RUCTURE OR IN THE EUROPEAN PIPELINE, IN THE SHORT RUN
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PAGE 02 STATE 236820

WOULD YIELD LITTLE RETURN ON THE BOP PROBLEMS AND THEREFORE

WOULD NOT RESPOND TO THE US POLITICAL PROBLEM OF OFFSETTING ITS MILITARY BALANCE OF PAYMENTS DEFICIT IN FY 74.

ADDITIONALLY, IN HIS OPINION, LITTLE PROGRESS CAN BE MADE FROM FORMAL PRESENTATIONS AND RIGID INSTRUCTIONS GIVEN BY THE VARIOUS NATIONAL REPRESENTATIVES EITHER AT THE COUNCIL OR IN THE WORKING GROUP.

2. LAULAN SUGGESTED THAT A LESS FORMALIZED WORKING GROUP BE AUTHORIZED TO STUDY WAYS AND MEANS OF COMING UP WITH A SATISFACTORY BALANCE OF PAYMENTS PACKAGE FOR FY 74 WHICH WOULD DEMONSTRATE TO THE CONGRESS THE EUROPEANS' WILLINGNESS TO ASSUME A LARGER PART OF THE EXPENSES OF THE COMMON DEFENSE. HE SUGGESTED THAT A PACKAGE OF AROUND \$1 BILLION COULD BE EASILY BE PUT TOGETHER BY: (1) COUNTING COMMERCIAL MILITARY SALES; (2) COUNTING FUTURE SALES AGAINST THE DEFICIT IN FY 74; AND, (3) INCREASING THE NUMBER OF ITEMS TO BE COUNTED AS OFFSET OR BURDENSARING CONTRIBUTIONS.

3. IN LAULAN'S OPINION, IT WOULD BE MORE EASY TO PUT TOGETHER A \$1 BILLION PACKAGE OF THE ABOVE ELEMENTS THAN TO OBTAIN AN ALLIED COMMITMENT TO OFFSET FOREVER THE US MILITARY BALANCE OF PAYMENTS DEFICIT. THE LATTER IS PARTICULARLY TRUE AT A TIME OF APPARENT US MOVEMENT INTO BALANCE OF PAYMENTS SURPLUS,WHILE MANY ALLIES SEE THEMSELVES MOVING TOWARD DEFICITS. BECAUSE THE US HAS EMPHASIZED DEFINITIVE RATHER THAN AN IMMEDIATE SOLUTION TO ITS BALANCE OF PAYMENTS PROBLEM IN 74 , LAULAN FEELS THAT THE EUROPEAN GOVERNMENTS ARE DRAGGING THEIR FEET. LAULAN THINKS THE ALLIES WOULD ACCEPT A QUICK SOLUTION ADDING UP TO A SIGNIFICANT DOLLAR FIGURE, IF THEY COULD BE ASSURED THAT THE ARRIVED AT PACKAGE WAS OF A NON-LASTING CHARACTER.

4. WASHINGTON RESPONDENTS EXPLAINED TO LAULAN THAT ASPECTS OF THE ABOVE IDEAS HAD BEEN DISCUSSED AT LENGTH WITHIN THE US GOVERNMENT. THE POSSIBILITY OF PRODUCING AN INTERNATIONAL STAFF PAPER SYSTEMATICALLY SETTING OUT HIS IDEAS FOR REFERENCE TO GOVERNMENTS WAS DISCUSSED. LAULAN RESPONDED THAT THE ECONOMIC DIRECTORATE AND ECONOMIC COMMITTEE WERE NOT FULLY INVOLVED IN BURDENSARING
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PAGE 03 STATE 236820

STUDIES FOR BUREAUCRATIC REASONS. US OFFICIALS SUGGESTED THAT SINCE BURDENSARING WAS ECONOMIC AS WELL AS POLITICAL AND MILITARY PROBLEM, LAULAN SHOULD CONSULT WITH US MISSION ON THE ISSUE OF BRINGING TO BEAR ALL RELEVANT INTERNATIONAL STAFF AND ECONOMIC COMMITTEE EXPERTISE. KISSINGER

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